

IN THE UNITED STATES DISTRICT COURT

IN AND FOR THE DISTRICT OF DELAWARE

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INTELLECTUAL VENTURES I, LLC,

Plaintiff,

v.

CHECK POINT SOFTWARE TECHNOLOGIES LTD.,

CHECK POINT SOFTWARE TECHNOLOGIES INC.,

McAFEE, INC., SYMANTEC CORP., TREND

MICRO INCORPORATED, and TREND MICRO,

INC. (USA),

Defendants.

: CIVIL ACTION

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: NO. 10-1067-LPS

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Wilmington, Delaware

Thursday, November 3, 2011

TELEPHONE CONFERENCE

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BEFORE: HONORABLE **LEONARD P. STARK**, U.S.D.C.J.

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APPEARANCES:

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and

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P R O C E E D I N G S

(REPORTER'S NOTE: Telephone conference was held in chambers, beginning at 11:33 a.m.)

THE COURT: Good morning, everybody. This is Judge Stark. Who is there, please?

MR. FARNAN: Good morning, your Honor. Brian Farnan on behalf of the plaintiff; and with me is Brooke Taylor and John Lahad from Susman Godfrey.

THE COURT: Okay.

MR. GRIMM: Good morning, your Honor, Tom Grimm at Morris Nichols here in Wilmington. I'm here on behalf of both Symantec and Check Point this morning. On the phone with me for Symantec is Yury Kapgan at Latham & Watkins and on the line with me for Check Point is Clem Roberts of Durie Tangri.

THE COURT: Okay.

MR. MARSDEN: David Healy and William Marsden and Ben Elaqua for McAfee.

MS. JACOBS LOUDEN: For Trend Micro, this is Karen Jacobs Loudon from Morris Nichols. On the line with me is David Beckwith of McDermott Will & Emery.

THE COURT: Is there anybody else?

Okay. I have a court reporter with me and for the record, it is our case of Intellectual Ventures versus

1 Check Point Software Technologies Limited, et al, Civil  
2 Action No. 10-1067-LPS.

3 Today's call is to discuss two discovery  
4 disputes that have arisen between the parties. They're both  
5 raised by defendants. Will defendants be represented by  
6 just one speaker today or tell me what you intend to do,  
7 please?

8 MR. KAPGAN: Your Honor, it's Yury Kapgan for  
9 Symantec. As you mentioned, there are two issues. The  
10 first one, in-house counsel access under the protective  
11 order, I will be covering that issue. My colleague Clem  
12 Roberts will be covering the issue related to the number of  
13 patent claims.

14 THE COURT: Then you can go ahead first, please,  
15 Mr. Kapgan.

16 MR. KAPGAN: Thank you. Good morning, your  
17 Honor. I want to make two basic points on this first issue  
18 related to in-house counsel access under the protective  
19 order.

20 The first is that the defendants have in-house  
21 counsel who want to actively participant in the litigation;  
22 and to do so, they should have accessed to information  
23 relevant to plaintiff's claims.

24 The licensing information that plaintiff wants  
25 to keep from in-house counsel is directly relevant to

1 evaluating plaintiff's claims for damages and what plaintiff  
2 has asserted is the value of the patents at issue. Past  
3 licenses of patents certainly are relevant to evaluating  
4 what the case is worth and any damages analysis.

5 Plaintiff's proposal would keep all of this  
6 information out of the hands of in-house counsel and limit  
7 their ability to participate in the critical part of the  
8 case.

9 We know that most of plaintiff's business  
10 consists of licensing activities. Our proposal here  
11 granting counsel to in-house information is pro-settlement  
12 and allows them to fairly evaluate what the case is worth,  
13 and it's a policy that I think should be promoted.

14 On the flip side, plaintiff is seeking  
15 defendants' sales and financial information which has been  
16 information from defendants you could consider equivalent  
17 that would be directly relevant to damages.

18 Defendants have agreed that plaintiff's in-house  
19 counsel may have access to this information, and this, too,  
20 is pro-settlement and, for that matter, defendants also  
21 agree that their licensing information should be available  
22 to plaintiff's in-house counsel.

23 Plaintiff claims in its letter that defendants  
24 are just seeking this information to gain a competitive  
25 advantage in licensing negotiations, but the truth is that

1 any advantage that defendants obtained for this information  
2 is really a natural consequence of plaintiff deciding to  
3 pursue this litigation here in this forum. It's not a  
4 competitive harm, per se, that exists outside the confines  
5 of this lawsuit.

6 If defendants can obtain more information that  
7 helps settle this case, certainly, that is good from a  
8 policy standpoint, but the bottom line here is, your Honor,  
9 that this information is relevant to evaluating plaintiff's  
10 claims and in-house counsel should be part of that process.

11 So that's the first point I want to make.

12 The second point is that defendants' technical  
13 information is not equivalent to plaintiff's licensing  
14 information. Plaintiff makes a point in its letter that  
15 if defendants' in-house counsel get access to licensing  
16 information, then plaintiff's in-house counsel should have  
17 access to defendants' technical information.

18 First of all, this is somewhat surprising to  
19 us, your Honor, because in the last proposal that plaintiff  
20 sent to us, there was no dispute we thought about the  
21 status of technical information. All the parties had  
22 agreed it wouldn't be accessible by in-house counsel.

23 In any event, the comparison between licensing  
24 and technical information is really an apples-to-oranges  
25 comparison. The reason that defendants' technical information

1 shouldn't be accessed by plaintiff's in-house counsel; and,  
2 again, this is a point that didn't appear to be in dispute  
3 in plaintiff's letter; is because there are serious concerns  
4 that such disclosure would only lead to more litigation.

5 Plaintiff is in the business of acquiring  
6 patents and licensing or litigating them. If it had  
7 technical information about defendants' products, it could  
8 go out and be very directed in its purchases of additional  
9 patents for litigation purposes, and it could try to amend  
10 existing patent applications to try to cover some technical  
11 aspects of defendants' products. So there is a real concern  
12 here about competitive harm from defendants' standpoint  
13 outside the confines of this lawsuit that would result from  
14 disclosure of defendants' technical information.

15 On the other hand, defendants aren't competitors  
16 with plaintiff in the area of licensing.

17 To step back a bit here a bit on the history.

18 When we were negotiating the protective order,  
19 plaintiff raised the possibility that the parties were  
20 potential competitors in the area of patent acquisition.  
21 For example, plaintiff suggested they may compete to buy the  
22 same patents that are available for sale in the market and  
23 if defendants knew about plaintiff's acquisition strategies,  
24 plaintiff would be at a competitive disadvantage.

25 Although defendants believe they truly weren't

1 competitors in this area, they accommodated plaintiff's  
2 concern in that regard by permitting information related to  
3 patent acquisition strategies specifically to be shielded  
4 from in-house counsel; and that is reflected in Exhibit A to  
5 our letter.

6 But defendants here are not competitors with  
7 plaintiff in the area of licensing, and we haven't heard any  
8 explanation otherwise from plaintiff, so it's difficult to  
9 understand the competitive harm that would result from  
10 in-house counsel accessing this information.

11 The only other harm that plaintiff articulates  
12 here is that knowledge about which patents are contained in  
13 plaintiff's portfolio would influence defendants' business  
14 plans by encouraging them to design around those patents,  
15 but, of course, that point only actually supports disclosure  
16 of the information.

17 Promoting avoidance of infringement, your Honor,  
18 through design-arounds is a public policy that should be  
19 fostered, and it's a principle that has been recognized by  
20 the Federal Circuit in fact. Public disclosure is the benefit  
21 of the bargain for awarding exclusive rights under patent law,  
22 and keeping patent information secret is contrary to public  
23 policy.

24 Your Honor, those are the points I wanted to  
25 make with respect to the first issue.



1 THE COURT: Okay.

2 MR. KAPGAN: We can move on to the second issue,  
3 if your Honor still pleases, and Clem Roberts would address  
4 that.

5 THE COURT: Hold on, Mr. Kapgan. You started  
6 off saying licensing information is "directly relevant to  
7 damages," and I think you said "and also the value of the  
8 patents." I want to try and understand, are you saying  
9 there is two different things that the licensing information  
10 is relevant to or is it just one thing?

11 MR. KAPGAN: Your Honor, I think in any damages  
12 analysis, when experts are opining on damages, I think that  
13 in any damages analysis, the value of the patents, all of  
14 that is relevant to, all of that would be gleaned from  
15 licensing information.

16 THE COURT: But it is ultimately relevant to  
17 determining an appropriate damages analysis; correct?

18 MR. KAPGAN: Correct.

19 THE COURT: All right. I want to deal with this  
20 licensing issue before I move on to the other one, so let me  
21 hear from the plaintiff on this.

22 MS. TAYLOR: Yes, your Honor. This is Brooke  
23 Taylor.

24 The defendants want to protect their own  
25 technical information, attorneys' eyes only, and are arguing

1 it should not be shared with in-house lawyers.

2 The stated need for this is that IV's in-house  
3 lawyers don't see the technical information and use it to  
4 purchase patents that read on defendants' offering.

5 THE COURT: Ms. Taylor, let me interrupt you.  
6 I'm sorry. We're having a hard time hearing you. I need to  
7 ask everybody other than Ms. Taylor to mute their phone  
8 right now.

9 Go ahead, Ms. Taylor.

10 MS. TAYLOR: The defendants, your Honor, want to  
11 protect their own technical information as attorney's eyes  
12 only, which will not be shared with IV's in-house lawyers.  
13 The stated need for this is so that IV's in-house lawyers  
14 don't see the technical information and use it to purchase  
15 patents that read on defendants' offering.

16 But defendants refused to agree to equal  
17 protection for IV's licensing agreements and strategic  
18 information of the company, and what is sauce for the  
19 goose should be sauce for the gander, and IV should have  
20 reciprocal protection for the most sensitive protection. And,

21 Just to be clear, and I will get to this again  
22 in a second, but IV has offered to provide defendants'  
23 in-house counsel with access to licenses that are specific  
24 to the patents in suit, the specifics to the patents asserted  
25 in this litigation. What we're talking about here today is

1 defendants want access to their in-house lawyers or IV's  
2 portfolio licenses which comprise hundreds of thousands of  
3 patents. Defendants, not the plaintiff, bears the burden of  
4 showing why their need for this access trumps the risk of  
5 injury to disclosing party.

6 When defendants asked us for access for their  
7 in-house counsel for this information, they admitted, as  
8 they have on this call today, that the reason they want the  
9 information is not for the purpose of litigating this case  
10 but instead in order so they will be in a better negotiating  
11 position, to negotiate with Intellectual Ventures over  
12 thousands of patents that are not being litigated in this  
13 case.

14 Through this protective order motion, defendants  
15 are attempting to get access to the complete list of patents  
16 owned and licensed by IV as a portfolio and the terms of the  
17 licenses. And,

18 Just to comment on something that Mr. Kapgan  
19 said. Of course, all public patents that have been issued are  
20 publicly available, so if defendants seek to design-around  
21 any patents that have been issued, they're certainly able to  
22 do that throughout by looking at the publicly available list  
23 of patents that have been issued by the Patent and Trademark  
24 Office.

25 Wanting this information for business reasons, as

1 defendants do, is understandable but it is not a sufficient  
2 reason to provide in-house lawyers access under the protective  
3 order.

4 Defendants argue that their in-house counsel  
5 won't be able to meaningfully participate in the case if they  
6 don't have access to the licensing and strategy information,  
7 although I haven't heard that arguments have been made that  
8 strongly here today.

9 The contention is wrong on its face. The case  
10 is about whether defendants infringe the plaintiff's patent.  
11 That determination will be made by comparing defendants'  
12 offerings to the publicly available patents. There is no  
13 IV highly sensitive information required to make that  
14 judgment about this critical part of the case. Indeed, it's  
15 defendants' information that will be relevant here, and  
16 defendants have asked IV to litigate this case without its  
17 in-house lawyers seeing that information.

18 Second, defendants will try to carry their  
19 burden that the patents are invalid, relying on publicly  
20 available prior art.

21 Again, there is nothing here that implicates  
22 IV's highly confidential information. The only area where  
23 IV's licenses could be of any importance is determining  
24 damages if the defendants infringe IV's valid patents.

25 Again, to the extent there are licenses that are

1 limited to the patent in suit, we have offered that in-house  
2 counsel may see those agreements. Defendants want more than  
3 that because they are fishing for reasons unrelated to the  
4 merits of this case even though they refuse to permit equal  
5 access to IV's in-house lawyers.

6 As represented on this call here today,  
7 defendants clearly have sophisticated and competent lawyers  
8 who can interpret any information that is subject to the  
9 higher bar of the protective order, just as IV's lawyers  
10 will need to do the same with respect to defendants'  
11 technical information.

12 Defendants have not argued that their outside  
13 counsel are incapable of performing this task. The patent  
14 marketplace is a competitive one and unless defendants here  
15 never acquire a licensed patent, they will be able to use  
16 IV's highly sensitive information about licensing strategies  
17 and terms to their benefit in that marketplace while  
18 barring IV's in-house counsel access to their own technical  
19 information.

20 Defendants have not met their heavy burden and  
21 their proposal that IV's information be relegated to the  
22 lower level of protection should be rejected.

23 THE COURT: All right. Ms. Taylor, first off,  
24 Mr. Kapgan indicates that they have agreed that you can  
25 protect and limit to outside counsel documents reflecting

1 your patent acquisition strategy. Do you recognize that is  
2 not in dispute?

3 MS. TAYLOR: Yes, I do, your Honor.

4 THE COURT: Let me ask you this: Your agreement  
5 to produce licenses that include the patents in suit, are you  
6 only offering -- it's not production, I'm sorry, allowing  
7 in-house counsel to see. Is your offer to allow in-house  
8 counsel to see licenses if they contain any of the patents in  
9 suit or does it only go so far as to licenses that are limited  
10 just to the patents in suit?

11 MS. TAYLOR: It's the latter, your Honor. It is  
12 limited to the patents in suit or those particular patent  
13 families. So there are issues -- there are licenses either  
14 by prior owners of these patents or by the plaintiffs in  
15 this case that are specific to the patents in suit and only  
16 to those patents in suit or their patent families, and we  
17 will allow in-house -- we are willing to compromise and  
18 allow in-house counsel access to those.

19 The issue here is really the portfolio license  
20 which we submit defendants are really looking for not to  
21 litigate the case, which their outside counsel can do, but  
22 really to discover all of the patents held by Intellectual  
23 Ventures, and, more importantly, to negotiate the terms of a  
24 portfolio-wide license, which is not at issue in the case,  
25 but the issue in this case is a license to two of the four

1 patents in suit.

2 THE COURT: There is a statement in defendants'  
3 letter indicating that they believe that you had suggested  
4 disputes over designations could be decided in the future on  
5 a case-by-case basis as you produce documents. I don't know  
6 if I got that suggestion out of your letter, but defendants  
7 seem to believe you have at some point suggested that. Is  
8 that a position that you do take?

9 MS. TAYLOR: Yes. We absolutely remain willing,  
10 and the idea here would be that if we agree that our inform-  
11 ation is subject to the higher bar, if defendant, as they say,  
12 think they need some information to share with their in-house  
13 counsel to discuss settlement of this case or negotiation of  
14 something, the portfolio license with the plaintiff, then  
15 we're certainly willing to entertain requests for those and  
16 for that information.

17 What we believe is happening here is a request  
18 to get access to information for purposes outside of this  
19 case but to use litigation to do that.

20 THE COURT: Now, I'm concerned that if I allow  
21 you to do that, that this may create quite a lot of disputes.  
22 I know you evidently have a lot of licenses.

23 One thing that I might do, if I go down that  
24 road, is send you all to a special discovery master and  
25 have you all bear the cost of those disputes. If I were

1     contemplating that, would that change in any way your  
2     client's position with respect to that suggestion?

3             MS. TAYLOR: Let me make sure I understand. So  
4     you would permit the higher designation with the caveat that  
5     we would entertain requests down the road from defendants,  
6     if they think they need them; and if we have disputes over  
7     those requests, you would send us to the discovery master?

8             THE COURT: That's the question, yes.

9             MS. TAYLOR: Yes, we're certainly willing to  
10    proceed in any way your Honor thinks is appropriate.

11            We think if the information, just as technical  
12    information, bears this higher level of scrutiny down the  
13    road, we're willing to listen to any request the defendants  
14    have for particular information that their outside lawyers  
15    believe their in-house counterparts would like to have  
16    access to.

17            THE COURT: All right. Thank you.

18            Mr. Kapgan, is there anything else you want to  
19    add?

20            MR. KAPGAN: Your Honor, I'll just note I do  
21    think we're amenable to whatever suggestion your Honor makes  
22    on this point. But, we do think that this creates some  
23    potential for a lot of disputes in the future because we  
24    do think that most of this licensing information would be  
25    designated in the higher category, and we think that all



1 of this information is potentially relevant to damages.

2 We would be surprised if there were any licenses  
3 that were specific to just these patents in suit and clearly  
4 under the *Georgia-Pacific* factors, licenses to technology  
5 that is comparable to the patents in suit is fair game for  
6 any damages analysis. So that is why we're seeking more  
7 than just licenses to the patents in suit, because all of  
8 this information is relevant to damages.

9 THE COURT: Okay. Thank you.

10 Well, I am going to essentially impose upon you  
11 my suggestion, but it's a step-by-step process, so let me be  
12 clear.

13 The first step is that on the issue today, I  
14 largely agree with the plaintiff on this one in a couple of  
15 particulars.

16 One, I think that given the business that the  
17 plaintiff is in, the licenses and particularly the portfolio  
18 licenses and particularly the patent acquisition strategy  
19 is competitive-type information that is, in some respects,  
20 analogous to the type of technical information relating to  
21 the products produced by defendants. Therefore, I start out  
22 thinking that there is some reasonable basis for plaintiff  
23 wanting to have a highly confidential "outside counsel only"  
24 designation on such material.

25 I appreciate that the defendants have already

1     agreed to that designation with respect to patent acquisition  
2     related documents, and I understand that that is therefore  
3     not in dispute today. But as an initial matter with respect  
4     to today's dispute, again, I think that the plaintiff is  
5     right to argue that there is some degree of analogy between  
6     their documents and the defendants' documents.

7             Second, I do agree with the plaintiff that this  
8     case can, just like in many cases, be litigated in a fully  
9     adequate way on both sides, even with the restrictions on  
10    what in-house counsel can see.

11            Just as plaintiff is going to be able to  
12    effectively litigate this case without in-house counsel  
13    seeing the technical documents of the defendants, I believe  
14    that defendants will be able to effectively litigate this  
15    case without their in-house counsel having complete access  
16    to the plaintiff's portfolio licenses.

17            So today's dispute, the protective order I sign  
18    will reflect the plaintiff's proposal, not the defendants'  
19    proposal.

20            Now, all of that said, I do believe that defense  
21    outside counsel will be in a position, once they receive  
22    production of these licenses, you will see which ones are  
23    marked highly confidential outside counsel only, which ones  
24    are permitted to be shared with in-house counsel. And,

25            In that regard, you will be able to evaluate and

1 meet and confer in a concrete manner with the plaintiff as to  
2 whether or not you can negotiate some changes in designations.

3 If you cannot, then as an initial matter, you  
4 will all come back to me, and I will take a look at a concrete  
5 dispute at that time.

6 If I find that it's not one dispute, it's 10,  
7 20, 30, 100 disputes, and it seems like it's going to keep  
8 coming up, then my inclination will be to refer you to a  
9 special discovery master who can carefully give you the time  
10 and attention to go through license agreement by license  
11 agreement and determine what a proper designation is for  
12 each of them. But, strictly speaking, that is not in front  
13 of me today and I'm just telling you what my inclination is  
14 today if that is where we end up.

15 Before I move on to the other dispute, let me  
16 see if I have been clear enough on this one or if you have  
17 anything else we should talk about on licensing.

18 Mr. Kapgan.

19 MR. KAPGAN: No, your Honor. Thank you.  
20 Nothing from me.

21 THE COURT: And Ms. Taylor?

22 MS. TAYLOR: Same here. Thank you, your Honor.  
23 That was clear.

24 THE COURT: All right. Let's move on to the  
25 next issue which I believe Mr. Roberts was going to address

1 first.

2 MR. ROBERTS: Yes, indeed, your Honor. Good  
3 morning, your Honor. Clem Roberts from Durie Tangri for  
4 Check Point but speaking here on behalf of all of the  
5 defendants.

6 Your Honor, it appears from the papers submitted  
7 from both sides that there is now agreement that there ought  
8 to be at least a date certain for the plaintiff to reduce  
9 the number of claims in suit by at least some number.

10 Let's start with the timing. The plaintiff  
11 letter suggests that they are now willing, for the first  
12 time, to commit to a date, and that date is six months from  
13 now in April.

14 Your Honor, the defendants have spoken about  
15 this, and we are prepared to accept that date. I think I  
16 speak for all of us when I say we think it ought to be  
17 done sooner, but in terms of trying to narrow the issues in  
18 dispute, we're prepared to accept that part of their offer.

19 The place where we get cross-wise with them,  
20 your Honor, is on the number of claims. They're proposing  
21 12 claims per patent or 48 claims overall across the four  
22 patents. In this case, your Honor, we feel that is too many  
23 claims and it's going to create an enormous burden on both  
24 the Court and the defendants.

25 I won't repeat what is in our papers, but let me

1 just make a couple of quick points.

2 First, there are a very large number of accused  
3 products in this case. As to Check Point alone, for  
4 example, there are 14 families of accused products, many  
5 of which have eight or ten actual products in then. These  
6 aren't just different sized boxes. They're entirely  
7 different code bases.

8 Indeed, your Honor, for Check Point, we don't  
9 make any anti-spam or any antivirus software themselves but  
10 we OEM it in from a half dozen other companies. So when you  
11 are talking about our 14 different product families, you  
12 are talking about literally different products developed by  
13 different companies independent of each other. There is  
14 just a very large degree of complexity on the accused  
15 product side.

16 In light of that, having 48 claims creates an  
17 enormous burden on the defendants. If you start to think  
18 about it, if I have got 48 claims and I have 14 accused  
19 product families, how do I write a summary judgment motion?

20 If I have a 40 page limit to my summary judgment  
21 motion, how do I agree 14 different products against 48  
22 claims sufficient to show the Court that there aren't factual  
23 disputes? I get one sentence or two sentences per product  
24 per claim?

25 It's one of these things where just the

1 complexity of trying to address that many different claims  
2 against that many different products, you know, you just do  
3 the math. It's 578 different claims versus products for  
4 Check Point alone before we start adding in all the other  
5 products accused from the other defendants. So in this case  
6 where you have so many accused products, the complexity  
7 caused by having nearly 50 claims would be enormous.

8 Second, that complexity will affect not just  
9 the parties but also the Court on claim construction.

10 IV argued in its letter that the number of  
11 asserted claims does not dictate the number of claim terms  
12 in dispute because "claims within a patent use common terms  
13 and common language."

14 As a factual matter, your Honor, in this case  
15 that is not true. Let's just take the '050 patent, for  
16 example. IV has asserted 14 claims of that patent of which  
17 four are independent and 10 are dependent.

18 But if you start looking through the claims,  
19 every single one of the claims beyond claim 1 is going to  
20 add a new unique term for claim construction and sometimes  
21 multiple.

22 So, for example, claim 2 add the term "hatching  
23 algorithm," claim 4 adds "digital ID," claim 5 adds both  
24 "public networks and private networks." Claim 6 has  
25 "intermediate server." We can go through this for each of

1 the claims for each of the patents.

2 Especially when you are dealing with four  
3 defendants, with dozens of different products, each of these  
4 claim terms is going to be relevant to a noninfringement or  
5 an invalidity argument for at least one of the defendants.  
6 So it leads you into a situation where the Court is going  
7 to be facing with 48 claims, 50-60 genuine disputes between  
8 the parties as to what the meaning of the claims should be,  
9 or the Court is going to be artificially imposing on the  
10 parties a limit in the number of claim terms they can brief  
11 and argue.

12 Now, that limit, let's say, for example, the  
13 Court said I'm only going to hear a dozen different claim  
14 terms. That would resound enormously to the benefit of  
15 the plaintiff. Because, again, claim construction is an  
16 exercise, frankly, that largely benefits the defendant in a  
17 patent case because it adds clarity about what the scope of  
18 the claims are; and, in general, the plaintiff wants to keep  
19 the scope of the claims as flexible as possible for as long  
20 as possible ideally in front of the jury so they can make  
21 whatever argument they can make as defenses come up and so  
22 that they can sort of adapt to claims and bend them as they  
23 see the circumstances arise.

24 So either we're going to be in a situation with  
25 that many claims where the Court can have a huge number of

1 disputes between the parties or it's going to be artificially  
2 limiting the disputes here that it's going to hear to keep the  
3 burden on the Court to a reasonable amount which is going to  
4 result in enormous prejudice to the defendants.

5 So that's second point.

6 The third point I'll make, your Honor, is just  
7 that if we're talking about April as a date, the plaintiff  
8 will have had all of our documents by then for two months.  
9 Document production will have been complete and will have  
10 had our invalidity contentions for six months.

11 The idea that even at that point they're going  
12 to know so little about their own case that they have to  
13 keep literally four dozen claims at issue because they don't  
14 know what they might want to assert at trial I think says a  
15 lot about how they're approaching the case.

16 They sued four companies on 60 plus claims and  
17 dozens of accused product families. They have the right to  
18 bring that case but they ought to be required to put the  
19 work in to sort of bring that case to shore and to narrow  
20 the claim to a reasonable number in a timely way.

21 If they will reduce it to sort of five claims  
22 per patent, for example, your Honor, by April, there would  
23 still be, you know, a dozen or 20 claims at issue against  
24 dozens of asserted products even as to Check Point, and that  
25 is plenty, plenty, plenty of complexity and may require a



1 huge undertaking from both of the defendants and the Court,  
2 doubling and tripling that in terms of the base-side is  
3 going to increase that workload substantially.

4 THE COURT: All right. A couple questions,  
5 Mr. Roberts.

6 First, both parties have talked in terms of  
7 limiting the number of asserted claims per patent. If I  
8 were to set an overall number of asserted claims, is it  
9 important to also keep a per patent limitation?

10 MR. ROBERTS: I don't think so, your Honor. I  
11 think the workload and the burden generally for the parties  
12 is a function of the total number of claims, so we would  
13 be willing to let the plaintiffs choose from among which  
14 patents they want the claims in.

15 THE COURT: To the extent I'm thinking of  
16 entertaining what you have characterized perhaps fairly as  
17 an artificial limit on the number of claim terms that I  
18 would be willing to construe, if I were to adopt your  
19 proposal of, let's say, 20 asserted claims by April of 2012,  
20 where does that leave you in terms of your feeling about  
21 any prejudice from an artificial limit of the number of  
22 terms to be construed?

23 MR. ROBERTS: Well, your Honor, obviously  
24 depending what that number is. If your Honor said to us  
25 I'm going to construe two terms, then having 20 claims at

1 issue and the ability to construe two terms would be very  
2 difficult. So I think, your Honor, if you are going to set  
3 reasonable limits on both the number of terms you are going  
4 to hear and the number of claims that the plaintiff can  
5 bring, I think obviously the defendants are going to be fine  
6 with that.

7 THE COURT: Let me hear from the plaintiffs,  
8 please.

9 MS. TAYLOR: Thank you, your Honor.

10 I think the use of the word "artificial" is  
11 appropriate here. This proposal by the defendants is an  
12 artificial attempt to limit our constitutional patent right  
13 by limiting the number of claims before even a piece of  
14 paper has been produced when we have invalidity charts with  
15 pages upon pages of references just listed, not yet charted  
16 and not yet a deposition taken.

17 Mr. Roberts mentioned summary judgment. Summary  
18 judgment, as we all know, is not scheduled until the year  
19 2013. His proposal is unreasonable and premature.

20 As I mentioned, defendants initially failed to  
21 chart any invalidity references, forcing the plaintiff to  
22 either go to the Court with a discovery dispute early in the  
23 case or wait an additional 30 days, which we did, to get a  
24 set of invalidity charts in return.

25 Now, having those charts less than 30 days which

1 still merely lists a number of references without charting  
2 them at all, defendants ask plaintiff to elect claims to an  
3 unreasonable small number before we had sufficient discovery.  
4 Defendants argue they want us to elect the small number of  
5 claims when the claim construction hearing is set for next  
6 August.

7 Reducing the number of claims at issue, contrary  
8 to what Mr. Roberts indicated, doesn't necessarily correlate  
9 to the number of claim terms in dispute and merely listing  
10 off phrases from a particular patent doesn't show that it  
11 does.

12 I suggest, your Honor, what we do is proceed  
13 in the case, get some discovery underway, produce some  
14 documents, take some depositions and see where we are next  
15 spring.

16 We haven't indicated a willingness to address  
17 this issue, but at a more appropriate time next year, after  
18 discovery has progressed, we would ask that you address the  
19 issue at that time, if it is necessary. Restricting to five  
20 claims per patent or 20 overall really is something that  
21 unprecedented. I've been in a lot of patent litigations and  
22 have never seen that even defendants ask for but certainly  
23 not receive a limit to that few number of products.

24 What we ultimately will be trying in this case  
25 and how the Court manages its docket and the parties manages

1 its docket will be determined later. Mr. Roberts and the  
2 other defendant counsel will have to produce the documents  
3 regardless, you know, the number of claims that are at  
4 issue in this case. I suggest we should consider this issue  
5 amongst ourselves down the road next spring and then we  
6 will, if we need to, which I hope we don't, we can come back  
7 to you at that time.

8 THE COURT: I think you unintentionally misspoke.  
9 You suggested maybe they're trying to limit you to the number  
10 of products you have accused.

11 MS. TAYLOR: I'm sorry, your Honor. I meant  
12 the number of claims as, you know, whether it's on a per  
13 patent basis or, in response to your question, the sheer  
14 number of claims.

15 I don't think the number of claims that is in  
16 this case now is an unreasonable number, certainly not when  
17 we haven't had any document discovery done or deposition  
18 discovery done.

19 THE COURT: Right. But they're not asking you  
20 at this point to reduce your number of claims asserted at  
21 all. They want to give you six months before you have to do  
22 it. And, I had understood from your letter that that was a  
23 process that you were willing to engage in.

24 Whether or not you are willing to engage in it,  
25 to the extent I'm considering requiring you to do it, what

1 would be the unfair prejudice of six months from now having  
2 to reduce the number of asserted claims?

3 MS. TAYLOR: You read our responsive letter.  
4 Preferably, in the event the Court thinks it's appropriate  
5 to consider this issue now, we did offer to go to 12 claims  
6 per patent by April 7th, which is a date two months after  
7 the document production is supposed to be substantially  
8 complete.

9 Assuming that defendants meet that deadline,  
10 then we're willing to go ahead and elect 12 claims per  
11 patent by April 7th. But the idea that it would go down to  
12 some number drastically lower than that I don't think will  
13 save the parties or the Court work in any way, and I think  
14 it's premature to address that at this point, to go to some  
15 number as low as five per patent.

16 THE COURT: You also argued that to do so would  
17 be unprecedented, but I believe there was a recent Federal  
18 Circuit decision, *stamp.com*, that I think, as I understood  
19 it, affirmed a District Court order with a limit of I think  
20 a total of maybe 15 claims being asserted across multiple  
21 patents.

22 Are you familiar with that or can you help me  
23 understand your contention that it would be unprecedented  
24 for the Court to do something consistent with what the  
25 defendants are asking?

1 MS. TAYLOR: Your Honor, I'm not familiar with  
2 that particular decision. I apologize. But I don't know at  
3 what point the Court required that. There are courts that  
4 are presiding over patent litigation to ask the parties  
5 to elect the claims. I know in certain Districts, the  
6 claims that are not elected are preserved to be tried at a  
7 later date.

8 I don't know if that is what we're talking about  
9 here. We haven't had that discussion with the defendants.  
10 But I also think, I don't know what the timing was in that  
11 decision. Most jurisdictions I'm aware of claim election,  
12 they happen at a date many times after the Markman or just  
13 before the Markman proceeding.

14 THE COURT: Okay. Is there anything else,  
15 Ms. Taylor?

16 MS. TAYLOR: Nothing from me, your Honor.

17 THE COURT: Okay. Mr. Roberts.

18 MR. ROBERTS: No, your Honor. I think your  
19 Honor has the point exactly.

20 THE COURT: If you would, address that question  
21 about if I am to restrict them, what happens to the other  
22 claims? Are they preserved to be tried in another date or  
23 are you asking me to say they're done with them forever?

24 MR. ROBERTS: So, your Honor, I haven't looked  
25 at that issue in detail. I assume that the Federal Circuit

1 has addressed that. Certainly, whatever the Federal  
2 Circuit has suggested is appropriate, we're amenable to.

3 THE COURT: Here is my ruling.

4 On this one, I largely agree with the defendants  
5 position. Therefore, I am going to require the plaintiff  
6 to reduce the number of asserted claims in this case by  
7 April 7th of 2012, to reduce the number of asserted claims  
8 to no more than a total of 20, which can be allocated among  
9 the four patents in suit however plaintiff wishes. And,

10 Further, I'm going to impose at this point a limit  
11 in advance of the Markman hearing in that in connection with  
12 the Markman process, leading to the hearing, the Court will  
13 construe no more than a total of 20 disputed claim terms.

14 The Court understands that there may be more  
15 than 20 disputed claim terms among the parties, and, if so,  
16 the Court understands that it has an obligation to resolve  
17 the remaining disputes by the time the case is submitted to  
18 the jury. But in connection with the Markman hearing and  
19 the Markman process, again, the Court is going to limit its  
20 consideration and its resolution to a total of 20 disputed  
21 claim terms.

22 In the Court's view, these rulings adequately and  
23 effectively and reasonably balance the competing interests  
24 among the parties as well as the Court's interest, indeed,  
25 need for judicial economy, and these rulings are intended to

1 and, the Court believes, do accomplish all of that.

2 On this issue that was just raised at the last  
3 moment about what happens to the other claims in the patents  
4 in suit beyond the 20 that the case will be limited to in  
5 April, I'm not making any ruling on that. The issue has not  
6 been briefed and I don't mean by today's ruling to make any  
7 determination on that issue.

8 I don't want more argument on these issues but  
9 are there any questions about what I have ruled, Mr. Roberts?

10 MR. ROBERTS: No, your Honor. Thank you. The  
11 only question is would your Honor like supplemental briefing  
12 at some point on what the effects on the other claims ought  
13 to be, and, if so, when?

14 THE COURT: I'm not asking for anything at this  
15 point. I'm going to hope that when you all go back and  
16 consult Federal Circuit law that you all come to the same  
17 conclusion on what the answer is. If you do have a dispute  
18 on it, then one or both of you should send me a letter and  
19 tell me you have that dispute, if you think it is something  
20 I need to address, and do it at the time you think I need to  
21 address it.

22 Is there anything else, Mr. Roberts?

23 MR. ROBERTS: No, your Honor. Thank you. That  
24 sounds reasonable.

25 THE COURT: And Ms. Taylor?



1 MS. TAYLOR: Thank you, your Honor.

2 THE COURT: Okay. Thank you all very much.

3 Good-bye.

4 (Telephone conference ends at 12:13 p.m.)

5

6 I hereby certify the foregoing is a true and accurate  
7 transcript from my stenographic notes in the proceeding.

8

9 /s Brian P. Gaffigan  
Official Court Reporter  
U.S. District Court

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